

## Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 PA-01 PRS-01 /106 W  
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R 091233Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1077

INFO AMEMBASSY JIDDA

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E.O. 11652: N/A

TAGS: EGEN FR SA

SUBJECT: FRENCH-SAUDI ECONOMIC NEGOTIATIONS

1. SUMMARY: FRENCH AND SAUDIS HAVE MOVE SOMEWHAT  
CLOSER TONEGOTIATING ECONOMIC COOPERATION AGREEMENT,  
POSSIBLY TO INCLUDE OIL SALES.

2. IN RECENT WEEKS, NUMBER OF SENIOR FRENCH OFFICIALS  
INCLUDING MINISTER OF INDUSTRY DORNANO HAVE MADE SHORT  
NEGOTIATING TRIPS TO SAUDI ARABIA TO PUSH FORWARD  
ON-AGAIN-OFF-AGAIN ECONOMIC COOPERATION NEGOTIATIONS  
IN PREPARATION FOR PARIS VISIT OF PRINCE FHD NOW  
SCHEDULED FOR 21-24 JULY. WHILE FRENCH TELL US THAT  
SAUDIS WOULD LIKE TO HAVE SOME AGREEMENT TO SIGN AT  
TUNE IF FAGD VUSUT, THEY DO NOT SEEM OPTIMISTIC THAT  
MUCH CAN BE ACHIEVED IN SHORT TIME REMAINING. MFA  
COURCES TELL US THEY HAVE BEEN NEGOTIATING PRIMARILY  
WITH PRINCE SAUD BIN FAYSAL BUT CLAIM TO BE UNSURE OF  
HIS ABILITY TO DELIVER.

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3. SIZEABLE OIL PURCHASES BY CFP AND ERAP ARE UNDER NEGOTIATION. QUANTITY BEING DISCUSSED IS REPORTEDLY ON ORDER OF 15 MILLION TONS/YEAR (300,000 B/D) STARTING IN 1976. DOWN CONSIDERABLY FROM FIGURES DISCUSSED LAST YEAR, THIS WOULD PRIMARILY REPLACE PURCHASES CURRENTLY BEING MADE UNDER "JOBRT CONTRACT" SIGNED IN 1973. WHICH WILL EXPIRE AT END 1975 AT 12 MILLION TON/YEAR RATE. (THIS REPRESENTS LESS THAN HALF OF TOTAL FRENCH OIL IMPORTS FROM SAUDI ARABIA, WHICH OVER LAST TWELVE MONTHS HAVE TOTALLED 40 MILLION TONS OR ONE THIRD OF TOTAL FRENCH CRUDE IMPORTS.)

4. SAG AND GOF DISCUSSIONS ON INDUSTRIAL COOPERATION QUESTIONS REMAIN LARGELY AT LEVEL OF GENERALITIES, ACCORDING TO OUR MFA AND MIN INDUSTRY CONTACTS. SAUDIS WANT FRENCH INVESTMENT IN JOINT VENTURES, VIRTUAL GOF PERFORMANCE GUARANTEE ON PRIVATE SECTOR COMMITMENTS, AND ASSURANCES OF MARKETS OR INDUSTRIAL PRODUCTION. FRENCH CLAIM TO BE HAVING HARD TIME EXPLAINING LIBERAL TRADING RULES IMPOSED BY TREATY OF ROME, ETC. PLUS IMPOSSIBILITY OF GUARANTEEING COMPANY PERFORMANCE; THEY ARE HOWEVER PREPARED TO COMMIT RESOURCES OF NATIONALIZED COMPANIES SUCH AS ELF OR ATOMIC ENERGY COMMISSION. WHILE NOT NAMING WHICH SPECIFIC PROJECTS MAY BE UNDER DISCUSSION (IF ANY), GOF OFFICIALS HAVE MENTIONED DESALINIZATION, NUCLEAR RESEARCH, MINERALS PROSPECTING, ROAD BUILDING, HOUSING AND PUBLIC WORKS AS AREAS UNDER DISCUSSION. (RUMOR IS CIRCULATING AMONG PRESS HERE THAT SAUDIS HAVE OFFERED NORTHRUP PROJECT TO FRENCH).

5. ON FINANCIAL ISSUES, FRENCH SAY THEY ARE DISCUSSING POSSIBLE SAUDI PARTICIPATION IN FRANC-DOMINATED LOANS OR BOND ISSUES, AS WELL AS TREASURY NOTE PURCHASES BY SAG.

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## Message Attributes

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